

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

HOUSE ENROLLED ACT No. 1261

AN ACT to amend the Indiana Code concerning human services.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 4-4-11-15, AS AMENDED BY P.L.232-2005, SECTION 3, AND AS AMENDED BY P.L.235-2005, SECTION 19, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 15. (a) The authority is granted all powers necessary or appropriate to carry out and effectuate its public and corporate purposes under *this chapter, IC 4-4-21, and IC 15-7-5, the affected statutes*, including but not limited to the following:

- (1) Have perpetual succession as a body politic and corporate and an independent instrumentality exercising essential public functions.
- (2) Without complying with IC 4-22-2, adopt, amend, and repeal bylaws, rules, *guidelines*, and ~~regulations~~ *policies* not inconsistent with *this chapter, IC 4-4-21, and IC 15-7-5, the affected statutes*, and necessary or convenient to regulate its affairs and to carry into effect the powers, duties, and purposes of the authority and conduct its business *under the affected statutes. These bylaws, rules, guidelines, and policies must be made by a resolution of the authority introduced at one (1) meeting and approved at a subsequent meeting of the authority.*
- (3) Sue and be sued in its own name.
- (4) Have an official seal and alter it at will.
- (5) Maintain an office or offices at a place or places within the

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state as it may designate.

(6) Make, ~~and~~ execute, and enforce contracts and all other instruments necessary, ~~or~~ convenient, or desirable for the performance of its duties and the exercise of its powers and functions under this chapter, ~~IC 4-4-21, and IC 15-7-5~~ purposes of the authority or pertaining to:

(A) a purchase, acquisition, or sale of securities or other investments; or

(B) the performance of the authority's duties and execution of any of the authority's powers under the affected statutes.

(7) Employ architects, engineers, attorneys, inspectors, accountants, agriculture experts, silviculture experts, aquaculture experts, and financial experts, and such other advisors, consultants, and agents as may be necessary in its judgment and to fix their compensation.

(8) Procure insurance against any loss in connection with its property and other assets, including loans and loan notes in amounts and from insurers as it may consider advisable.

(9) Borrow money, make guaranties, issue bonds, and otherwise incur indebtedness for any of the authority's purposes, and issue debentures, notes, or other evidences of indebtedness, whether secured or unsecured, to any person, as provided by ~~this chapter, IC 4-4-21, IC 4-4-11.4 and IC 15-7-5~~, the affected statutes.

Notwithstanding any other law, the:

(A) issuance by the authority of any indebtedness that establishes a procedure for the authority or a person acting on behalf of the authority to certify to the general assembly the amount needed to restore a debt service reserve fund or another fund to required levels; or

(B) execution by the authority of any other agreement that creates a moral obligation of the state to pay all or part of any indebtedness issued by the authority;

is subject to review by the budget committee and approval by the budget director.

(10) Procure insurance or guaranties from any public or private entities, including any department, agency, or instrumentality of the United States, for payment of any bonds issued by the authority or for reinsurance on amounts paid from the industrial development project guaranty fund, including the power to pay premiums on any insurance or reinsurance.

(11) Purchase, receive, take by grant, gift, devise, bequest, or otherwise, and accept, from any source, aid or contributions of

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money, property, labor, or other things of value to be held, used, and applied to carry out the purposes of *this chapter, IC 4-4-21, and IC 15-7-5; the affected statutes*, subject to the conditions upon which the grants or contributions are made, including but not limited to gifts or grants from any department, agency, or instrumentality of the United States, and lease or otherwise acquire, own, hold, improve, employ, use, and otherwise deal in and with real or personal property or any interest in real or personal property, wherever situated, for any purpose consistent with *this chapter, IC 4-4-21, or IC 15-7-5; the affected statutes*.

(12) Enter into agreements with any department, agency, or instrumentality of the United States or this state and with lenders and enter into loan agreements, sales contracts, and leases with contracting parties, including *participants (as defined in IC 13-11-2-151.1) for any purpose permitted under IC 13-18-13 or IC 13-18-21*, borrowers, lenders, developers, or users, for the purpose of planning, regulating, and providing for the financing and refinancing of any agricultural enterprise (as defined in IC 15-7-4.9-2), rural development project (as defined in IC 15-7-4.9-19.5), industrial development project, *purpose permitted under IC 13-18-13 and IC 13-18-21*, or international exports, and distribute data and information concerning the encouragement and improvement of agricultural enterprises and agricultural employment, rural development projects, industrial development projects, international exports, and other types of employment in the state undertaken with the assistance of the authority under this chapter.

(13) Enter into contracts or agreements with lenders and lessors for the servicing and processing of loans and leases pursuant to *this chapter, IC 4-4-21, and IC 15-7-5; the affected statutes*.

(14) Provide technical assistance to local public bodies and to profit and nonprofit entities in the development or operation of agricultural enterprises, rural development projects, and industrial development projects.

(15) To the extent permitted under its contract with the holders of the bonds of the authority, consent to any modification with respect to the rate of interest, time, and payment of any installment of principal or interest, or any other term of any contract, loan, loan note, loan note commitment, contract, lease, or agreement of any kind to which the authority is a party.

(16) To the extent permitted under its contract with the holders of bonds of the authority, enter into contracts with any lender

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containing provisions enabling it to reduce the rental or carrying charges to persons unable to pay the regular schedule of charges when, by reason of other income or payment by any department, agency, or instrumentality of the United States of America or of this state, the reduction can be made without jeopardizing the economic stability of the agricultural enterprise, rural development project, or industrial development project being financed.

(17) *Notwithstanding IC 5-13, but subject to the requirements of any trust agreement entered into by the authority, invest: ~~any funds not needed for immediate disbursement, including any funds held in reserve, in direct and general obligations of or obligations fully and unconditionally guaranteed by the United States, obligations issued by agencies of the United States, obligations of this state, or any obligations or securities which may from time to time be legally purchased by governmental subdivisions of this state pursuant to IC 5-13, or any obligations or securities which are permitted investments for bond proceeds or any construction, debt service, or reserve funds secured under the trust indenture or resolution pursuant to which bonds are issued.~~*

(A) the authority's money, funds, and accounts;

(B) any money, funds, and accounts in the authority's custody; and

(C) proceeds of bonds or notes;

in the manner provided by an investment policy established by resolution of the authority.

(18) *Fix and revise periodically, and charge and collect, fees and charges as the authority determines to be reasonable in connection with: ~~its~~*

(A) the authority's loans, guarantees, advances, insurance, commitments, and servicing; and

(B) the use of the authority's services or facilities.

(19) Cooperate and exchange services, personnel, and information with any federal, state, or local government agency, or instrumentality of the United States or this state.

(20) Sell, at public or private sale, with or without public bidding, any loan or other obligation held by the authority.

(21) Enter into agreements concerning, and acquire, hold, and dispose by any lawful means, land or interests in land, building improvements, structures, personal property, franchises, patents, accounts receivable, loans, assignments, guarantees, and

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insurance needed for the purposes of *this chapter, IC 4-4-21, or IC 15-7-5, the affected statutes.*

(22) Take assignments of accounts receivable, loans, guarantees, insurance, notes, mortgages, security agreements securing notes, and other forms of security, attach, seize, or take title by foreclosure or conveyance to any industrial development project when a guaranteed loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the industrial development project guaranty fund, and sell, or on a temporary basis, lease, or rent such industrial development project for any use.

(23) Expend money, as the authority considers appropriate, from the industrial development project guaranty fund created by section 16 of this chapter.

(24) Purchase, lease as lessee, construct, remodel, rebuild, enlarge, or substantially improve industrial development projects, including land, machinery, equipment, or any combination thereof.

(25) Lease industrial development projects to users or developers, with or without an option to purchase.

(26) Sell industrial development projects to users or developers, for consideration to be paid in installments or otherwise.

(27) Make direct loans from the proceeds of the bonds to users or developers for:

(A) the cost of acquisition, construction, or installation of industrial development projects, including land, machinery, equipment, or any combination thereof; or

(B) eligible expenditures for an educational facility project described in IC 4-4-10.9-6.2(a)(2);

with the loans to be secured by the pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt obligations of the users or developers.

(28) Lend or deposit the proceeds of bonds to or with a lender for the purpose of furnishing funds to such lender to be used for making a loan to a developer or user for the financing of industrial development projects under this chapter.

(29) Enter into agreements with users or developers to allow the users or developers, directly or as agents for the authority, to wholly or partially construct industrial development projects to be leased from or to be acquired by the authority.

(30) Establish reserves from the proceeds of the sale of bonds, other funds, or both, in the amount determined to be necessary by

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the authority to secure the payment of the principal and interest on the bonds.

(31) Adopt rules *and guidelines* governing its activities authorized under *this chapter, IC 4-4-21, and IC 15-7-5, the affected statutes.*

(32) Use the proceeds of bonds to make guaranteed participating loans.

(33) Purchase, discount, sell, and negotiate, with or without guaranty, notes and other evidences of indebtedness.

(34) Sell and guarantee securities.

(35) Make guaranteed participating loans under IC 4-4-21-26.

(36) Procure insurance to guarantee, insure, coinsure, and reinsure against political and commercial risk of loss, and any other insurance the authority considers necessary, including insurance to secure the payment of principal and interest on notes or other obligations of the authority.

(37) Provide performance bond guarantees to support eligible export loan transactions, subject to the terms of *this chapter or IC 4-4-21, the affected statutes.*

(38) Provide financial counseling services to Indiana exporters.

(39) Accept gifts, grants, or loans from, and enter into contracts or other transactions with, any federal or state agency, municipality, private organization, or other source.

(40) Sell, convey, lease, exchange, transfer, or otherwise dispose of property or any interest in property, wherever the property is located.

(41) Cooperate with other public and private organizations to promote export trade activities in Indiana.

(42) Make guarantees and administer the agricultural loan and rural development project guarantee fund established by IC 15-7-5.

(43) Take assignments of notes and mortgages and security agreements securing notes and other forms of security, and attach, seize, or take title by foreclosure or conveyance to any agricultural enterprise or rural development project when a guaranteed loan to the enterprise or rural development project is clearly in default and when in the opinion of the authority the acquisition is necessary to safeguard the agricultural loan and rural development project guarantee fund, and sell, or on a temporary basis, lease or rent the agricultural enterprise or rural development project for any use.

(44) Expend money, as the authority considers appropriate, from

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the agricultural loan and rural development project guarantee fund created by IC 15-7-5-19.5.

(45) Reimburse from bond proceeds expenditures for industrial development projects under this chapter.

(46) *Acquire, hold, use, and dispose of the authority's income, revenues, funds, and money.*

(47) *Purchase, acquire, or hold debt securities or other investments for the authority's own account at prices and in a manner the authority considers advisable, and sell or otherwise dispose of those securities or investments at prices without relation to cost and in a manner the authority considers advisable.*

(48) *Fix and establish terms and provisions with respect to:*

(A) a purchase of securities by the authority, including dates and maturities of the securities;

(B) redemption or payment before maturity; and

(C) any other matters that in connection with the purchase are necessary, desirable, or advisable in the judgment of the authority.

(49) *To the extent permitted under the authority's contracts with the holders of bonds or notes, amend, modify, and supplement any provision or term of:*

(A) a bond, a note, or any other obligation of the authority; or

(B) any agreement or contract of any kind to which the authority is a party.

(50) *Subject to the authority's investment policy, do any act and enter into any agreement pertaining to a swap agreement (as defined in IC 8-9.5-9-4) related to the purposes of the affected statutes in accordance with IC 8-9.5-9-5 and IC 8-9.5-9-7, whether the action is incidental to the issuance, carrying, or securing of bonds or otherwise.*

~~(46)~~ (51) Do any act necessary or convenient to the exercise of the powers granted by *this chapter, IC 4-4-21, or IC 15-7-5*, the affected statutes, or reasonably implied from those statutes, including but not limited to compliance with requirements of federal law imposed from time to time for the issuance of bonds.

(b) The authority's powers under this chapter shall be interpreted broadly to effectuate the purposes of this chapter and may not be construed as a limitation of powers. *The omission of a power from the list in subsection (a) does not imply that the authority lacks that power. The authority may exercise any power that is not listed in subsection (a) but is consistent with the powers listed in subsection (a) to the*

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extent that the power is not expressly denied by the Constitution of the State of Indiana or by another statute.

(c) This chapter does not authorize the financing of industrial development projects for a developer unless any written agreement that may exist between the developer and the user at the time of the bond resolution is fully disclosed to and approved by the authority.

(d) The authority shall work with and assist the Indiana health and educational facility financing authority established by IC 5-1-16-2, the Indiana housing ~~finance~~ and community development authority established by IC 5-20-1-3, the Indiana port commission established under IC 8-10-1, and the state fair commission established by IC 15-1.5-2-1 in the issuance of bonds, notes, or other indebtedness. The Indiana health and educational facility financing authority, the Indiana housing ~~finance~~ and community development authority, the Indiana port commission, and the state fair commission shall work with and cooperate with the authority in connection with the issuance of bonds, notes, or other indebtedness.

SECTION 2. IC 4-4-11.5-6.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 6.3. As used in this chapter, ~~"HFA"~~ **"IHCD"** refers to the Indiana housing ~~finance~~ and community development authority established by IC 5-20-1.

SECTION 3. IC 4-4-11.5-7.5, AS AMENDED BY P.L.235-2005, SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7.5. As used in this chapter, "issuer" means IFA, ~~HFA~~, **IHCDA**, ISMEL, a local unit, or any other issuer of bonds that must procure volume under the volume cap.

SECTION 4. IC 4-4-11.5-18, AS AMENDED BY P.L.235-2005, SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 18. (a) The volume cap shall be allocated annually among categories of bonds in accordance with section 19 of this chapter. Those categories are as follows:

- (1) Bonds issued by the IFA.
- (2) Bonds issued by the ~~HFA~~ **IHCDA**.
- (3) Bonds issued by the ISMEL.
- (4) Bonds issued by local units or any other issuers not specifically referred to in this section whose bonds are or may become subject to the volume cap for projects described in:
 - (A) Division A - Agricultural, Forestry, and Fishing;
 - (B) Division B - Mining;
 - (C) Division C - Construction;
 - (D) Division D - Manufacturing;
 - (E) Division E - Transportation; and

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(F) Division F - Wholesale Trade;
of the SIC Manual (or corresponding sector in the NAICS Manual), and any projects described in Section 142(a)(3), 142(a)(4), 142(a)(5), 142(a)(6), 142(a)(8), 142(a)(9), or 142(a)(10) of the Internal Revenue Code.

(5) Bonds issued by local units or any other issuers not specifically referred to in this section whose bonds are or may become subject to the volume cap for projects described in:

- (A) Division G - Retail Trade;
- (B) Division H - Finance, Insurance, and Real Estate;
- (C) Division I - Services;
- (D) Division J - Public Administration; and
- (E) Division K - Miscellaneous;

of the SIC Manual (or corresponding sector in the NAICS Manual), and any projects described in Section 142(a)(7) or 144(c) of the Internal Revenue Code.

(b) For purposes of determining the SIC category of a facility, the determination shall be based upon the type of activity engaged in by the user of the facility within the facility in question, rather than upon the ultimate enterprise in which the developer or user of the facility is engaged.

SECTION 5. IC 4-4-11.5-19, AS AMENDED BY P.L.235-2005, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 19. (a) On or before January 1 of each year, the IFA shall determine the dollar amount of the volume cap for that year.

(b) Each year the volume cap shall be allocated among the categories specified in section 18 of this chapter as follows:

Type of Bonds	Percentage of Volume Cap
Bonds issued by the IFA	9%
Bonds issued by the HHFA IHCDA	28%
Bonds issued by the ISMEL	1%
Bonds issued by local units or other issuers under section 18(a)(3) of this chapter	42%
Bonds issued by local units or other issuers under section 18(a)(4) of this chapter	20%

(c) Except as provided in subsection (d), the amount allocated to a category represents the maximum amount of the volume cap that will be reserved for bonds included within that category.

(d) The IFA may adopt a resolution to alter the allocations made by

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subsection (b) for a year if it determines that the change is necessary to allow maximum usage of the volume cap and to promote the health and well-being of the residents of Indiana by promoting the public purposes served by the bond categories then subject to the volume cap.

(e) The governor may, by executive order, establish for a year a different dollar amount for the volume cap, different bond categories, and different allocations among the bond categories than those set forth in or established under this section and section 18 of this chapter if it becomes necessary to adopt a different volume cap and bond category allocation system in order to allow maximum usage of the volume cap among the bond categories then subject to the volume cap and to promote the health, welfare, and well-being of the residents of Indiana by promoting the public purposes served by the bond categories then subject to the volume cap.

SECTION 6. IC 4-4-28-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: **Sec. 1.5. As used in this chapter, "authority" refers to the Indiana housing and community development authority established under IC 5-20-1.**

SECTION 7. IC 4-4-28-11, AS AMENDED BY P.L.235-2005, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 11. (a) Each community development corporation shall annually provide the ~~Indiana housing finance~~ authority with information needed to determine:

- (1) the number of accounts administered by the community development corporation;
- (2) the length of time each account under subdivision (1) has been established; and
- (3) the amount of money an individual has deposited into each account under subdivision (1) during the preceding twelve (12) months.

(b) The ~~Indiana housing finance~~ authority shall use the information provided under subsection (a) to deposit the correct amount of money into each account as provided in section 12 of this chapter.

SECTION 8. IC 4-4-28-12, AS AMENDED BY P.L.235-2005, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 12. (a) The ~~Indiana housing finance~~ authority shall allocate, for each account that has been established after June 30, 2001, for not more than four (4) years, including any time in which an individual held an individual development account under this chapter before July 1, 2001, three dollars (\$3) for each one dollar (\$1) an individual deposited into the individual's account during the preceding

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twelve (12) months. However, the authority's allocation under this subsection may not exceed nine hundred dollars (\$900) for each account described in this subsection.

(b) Not later than June 30 of each year, the ~~Indiana housing finance~~ authority shall deposit into each account established under this chapter the appropriate amount of money determined under this section. However, if the individual deposits the maximum amount allowed under this chapter on or before December 31 of each year, the individual may request in writing that the authority allocate and deposit the matched funds under subsection (a) into the individual's account not later than forty-five (45) days after the authority receives the written request.

(c) Money from a federal block grant program under Title IV-A of the federal Social Security Act may be used by the state to provide money under this section for deposit into an account held by an individual who receives assistance under IC 12-14-2.

SECTION 9. IC 4-4-28-15, AS AMENDED BY P.L.235-2005, SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 15. (a) An individual must request and receive authorization from the community development corporation that administers the individual's account before withdrawing money from the account for any purpose.

(b) An individual who is denied authorization to withdraw money under subsection (a) may appeal the community development corporation's decision to the ~~Indiana housing finance~~ authority under rules adopted by the authority under IC 4-22-2.

SECTION 10. IC 4-4-28-18, AS AMENDED BY P.L.235-2005, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 18. (a) Each community development corporation shall annually:

- (1) evaluate the individual development accounts administered by the community development corporation; and
- (2) submit a report containing the evaluation information to the ~~Indiana housing finance~~ authority.

(b) Two (2) or more community development corporations may work together in carrying out the purposes of this chapter.

SECTION 11. IC 4-4-28-21, AS AMENDED BY P.L.235-2005, SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 21. The ~~Indiana housing finance~~ authority may adopt rules under IC 4-22-2 to implement this chapter.

SECTION 12. IC 4-4-33 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY

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Chapter 33. Miscellaneous Community Development Programs

Sec. 1. The lieutenant governor shall administer the following:

- (1) **The Housing Assistance Act of 1937 (42 U.S.C. 1437).**
- (2) **Community services programs, including the Community Services Block Grant under 42 U.S.C. 9901 et seq.**
- (3) **Home energy assistance programs, including the Low Income Home Energy Assistance Block Grant under 42 U.S.C. 8621 et seq.**
- (4) **Weatherization programs, including weatherization programs and money received under 42 U.S.C. 6851 et seq.**
- (5) **Food and nutrition programs, including food and nutrition programs and money received under 7 U.S.C. 612, 7 U.S.C. 7501 et seq., and 42 U.S.C. 9922 et seq.**
- (6) **Migrant and farm worker programs and money under 20 U.S.C. 6391 et seq., 29 U.S.C. 49 et seq., and 42 U.S.C. 1397 et seq.**
- (7) **Emergency shelter grant programs and money under 42 U.S.C. 11371 et seq.**
- (8) **Shelter plus care programs and money under 42 U.S.C. 11403 et seq.**

SECTION 13. IC 4-6-12-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 4. (a) The following may cooperate with the unit to implement this chapter:

- (1) The Indiana professional licensing agency and the appropriate licensing boards with respect to persons licensed under IC 25.
- (2) The department of financial institutions.
- (3) The department of insurance with respect to the sale of insurance in connection with mortgage lending.
- (4) The securities division of the office of the secretary of state.
- (5) The supreme court disciplinary commission with respect to attorney misconduct.
- (6) The Indiana housing ~~finance~~ **and community development** authority.
- (7) The department of state revenue.
- (8) The state police department.
- (9) A prosecuting attorney.
- (10) Local law enforcement agencies.
- (11) The department of commerce.

(b) Notwithstanding IC 5-14-3, the entities listed in subsection (a) may share information with the unit.

SECTION 14. IC 4-6-12-8, AS AMENDED BY P.L.235-2005,

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SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 8. The unit shall cooperate with the Indiana housing **and community development** authority in the development and implementation of the home ownership education programs established under ~~IC 5-20-1-4(g)~~; **IC 5-20-1-4(f)**.

SECTION 15. IC 4-12-1-14.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 14.2. Notwithstanding any other law, all oil overcharge funds received from the federal government are annually appropriated to the ~~division of family and children~~ **lieutenant governor** for the ~~division's~~ **lieutenant governor's** use in carrying out the home energy assistance program. The amount of this annual appropriation for a state fiscal year is equal to:

- (1) the total amount necessary to carry out the program during that fiscal year; minus
- (2) the amount of federal low income energy assistance funds available for the program during that state fiscal year.

SECTION 16. IC 5-10-1.7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. In addition to any other investment power given to a board, a board may invest as much of its trust funds as are not required for current disbursements in mortgage-backed bonds or notes issued by the Indiana housing ~~finance~~ **and community development** authority under IC 5-20-1.

SECTION 17. IC 5-20-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. As used in this chapter:

"Assisted" means, with respect to a loan:

- (1) the payment by the United States or any duly authorized agency of the United States of assistance payments, interest payments, or mortgage reduction payments with respect to such loan; or
- (2) the provision of insurance, guaranty, security, collateral, subsidies, or other forms of assistance or aid acceptable to the authority for the making, holding, or selling of a loan from the United States, any duly authorized agency of the United States, or any entity or corporation acceptable to the authority, other than the sponsor.

"Authority" means the Indiana housing ~~finance~~ **and community development** authority created ~~under~~ **by section 3** of this chapter.

"Bonds" or "notes" means the bonds or notes authorized to be issued by the authority under this chapter.

"Development costs" means the costs approved by the authority as appropriate expenditures and credits which may be incurred by

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sponsors, builders, and developers of residential housing prior to commitment and initial advance of the proceeds of a construction loan or of a mortgage, including but not limited to:

- (1) payments for options to purchase properties on the proposed residential housing site, deposits on contracts of purchase, or, with prior approval of the authority, payments for the purchase of such properties;
- (2) legal, organizational, and marketing expenses, including payments of attorney's fees, project manager, clerical, and other incidental expenses;
- (3) payment of fees for preliminary feasibility studies and advances for planning, engineering, and architectural work;
- (4) expenses for surveys as to need and market analyses;
- (5) necessary application and other fees;
- (6) credits allowed by the authority to recognize the value of service provided at no cost by the sponsors, builders, or developers; and
- (7) such other expenses as the authority deems appropriate for the purposes of this chapter.

"Governmental agency" means any department, division, public agency, political subdivision, or other public instrumentality of the state of Indiana, the federal government, any other state or public agency, or any two (2) or more thereof.

"Construction loan" means a loan to provide interim financing for the acquisition or construction of single family residential housing, including land development.

"Mortgage" or "mortgage loan" means a loan to provide permanent financing for:

- (1) the rehabilitation, acquisition, or construction of single family residential housing, including land development; or
- (2) the weatherization of single family residences.

"Mortgage lender" means a bank, trust company, savings bank, savings association, credit union, national banking association, federal savings association or federal credit union maintaining an office in this state, a public utility (as defined in IC 8-1-2-1), a gas utility system organized under IC 8-1-11.1, an insurance company authorized to do business in this state, or any mortgage banking firm or mortgagee authorized to do business in this state and approved by either the authority or the Department of Housing and Urban Development.

"Land development" means the process of acquiring land primarily for residential housing construction for persons and families of low and moderate income and making, installing, or constructing nonresidential

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housing improvements, including water, sewer, and other utilities, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or works, whether on or off the site, which the authority deems necessary or desirable to prepare such land primarily for residential housing construction.

"Obligations" means any bonds or notes authorized to be issued by the authority under this chapter.

"Persons and families of low and moderate income" means persons and families of insufficient personal or family income to afford adequate housing as determined by the standards established by the authority, and in determining such standards the authority shall take into account the following:

- (1) The amount of total income of such persons and families available for housing needs.
- (2) The size of the family.
- (3) The cost and condition of housing facilities available in the different geographic areas of the state.
- (4) The ability of such persons and families to compete successfully in the private housing market and to pay the amounts at which private enterprise is providing sanitary, decent, and safe housing.

The standards shall, however, comply with the applicable limitations of section 4(b) of this chapter.

"Residential facility for children" means a facility:

- (1) that provides residential services to individuals who are:
 - (A) under twenty-one (21) years of age; and
 - (B) adjudicated to be children in need of services under IC 31-34 (or IC 31-6-4 before its repeal) or delinquent children under IC 31-37 (or IC 31-6-4 before its repeal); and
- (2) that is:
 - (A) a child caring institution that is or will be licensed under IC 12-17.4;
 - (B) a residential facility that is or will be licensed under IC 12-28-5; or
 - (C) a facility that is or will be certified by the division of mental health and addiction under IC 12-23.

"Residential facility for the developmentally disabled" means a facility that is approved for use in a community residential program for the developmentally disabled under IC 12-11-1.1.

"Residential facility for the mentally ill" means a facility that is approved by the division of mental health and addiction for use in a community residential program for the mentally ill under

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IC 12-22-2-3(1), IC 12-22-2-3(2), IC 12-22-2-3(3), or IC 12-22-2-3(4).

"Residential housing" means a specific work or improvement undertaken primarily to provide single or multiple family housing for rental or sale to persons and families of low and moderate income, including the acquisition, construction, or rehabilitation of lands, buildings, and improvements to the housing, and such other nonhousing facilities as may be incidental or appurtenant to the housing.

"Sponsors", "builders", or "developers" means corporations, associations, partnerships, limited liability companies, or other entities and consumer housing cooperatives organized pursuant to law for the primary purpose of providing housing to low and moderate income persons and families.

"State" means the state of Indiana.

"Tenant programs and services" means services and activities for persons and families living in residential housing, including the following:

- (1) Counseling on household management, housekeeping, budgeting, and money management.
- (2) Child care and similar matters.
- (3) Access to available community services related to job training and placement, education, health, welfare, and other community services.
- (4) Guard and other matters related to the physical security of the housing residents.
- (5) Effective management-tenant relations, including tenant participation in all aspects of housing administration, management, and maintenance.
- (6) Physical improvements of the housing, including buildings, recreational and community facilities, safety measures, and removal of code violations.
- (7) Advisory services for tenants in the creation of tenant organizations which will assume a meaningful and responsible role in the planning and carrying out of housing affairs.
- (8) Procedures whereby tenants, either individually or in a group, may be given a hearing on questions relating to management policies and practices either in general or in relation to an individual or family.

SECTION 18. IC 5-20-1-4, AS AMENDED BY P.L.235-2005, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 4. (a) The authority has all of the powers necessary or convenient to carry out and effectuate the purposes and

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provisions of this chapter, including the power:

- (1) to make or participate in the making of construction loans to sponsors of multiple family residential housing that is federally assisted or assisted by a government sponsored enterprise, such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Federal Agricultural Mortgage Corporation, the Federal Home Loan Bank, and other similar entities approved by the authority;
- (2) to make or participate in the making of mortgage loans to sponsors of multiple family residential housing that is federally assisted or assisted by a government sponsored enterprise, such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Federal Agricultural Mortgage Corporation, the Federal Home Loan Bank, and other similar entities approved by the authority;
- (3) to purchase or participate in the purchase from mortgage lenders of mortgage loans made to persons of low and moderate income for residential housing;
- (4) to make loans to mortgage lenders for the purpose of furnishing funds to such mortgage lenders to be used for making mortgage loans for persons and families of low and moderate income. However, the obligation to repay loans to mortgage lenders shall be general obligations of the respective mortgage lenders and shall bear such date or dates, shall mature at such time or times, shall be evidenced by such note, bond, or other certificate of indebtedness, shall be subject to prepayment, and shall contain such other provisions consistent with the purposes of this chapter as the authority shall by rule or resolution determine;
- (5) to collect and pay reasonable fees and charges in connection with making, purchasing, and servicing of its loans, notes, bonds, commitments, and other evidences of indebtedness;
- (6) to acquire real property, or any interest in real property, by conveyance, including purchase in lieu of foreclosure, or foreclosure, to own, manage, operate, hold, clear, improve, and rehabilitate such real property and sell, assign, exchange, transfer, convey, lease, mortgage, or otherwise dispose of or encumber such real property where such use of real property is necessary or appropriate to the purposes of the authority;
- (7) to sell, at public or private sale, all or any part of any mortgage or other instrument or document securing a construction loan, a land development loan, a mortgage loan, or a loan of any type

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permitted by this chapter;

(8) to procure insurance against any loss in connection with its operations in such amounts and from such insurers as it may deem necessary or desirable;

(9) to consent, subject to the provisions of any contract with noteholders or bondholders which may then exist, whenever it deems it necessary or desirable in the fulfillment of its purposes to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms of any mortgage loan, mortgage loan commitment, construction loan, loan to lender, or contract or agreement of any kind to which the authority is a party;

(10) to enter into agreements or other transactions with any federal, state, or local governmental agency for the purpose of providing adequate living quarters for such persons and families in cities and counties where a need has been found for such housing;

(11) to include in any borrowing such amounts as may be deemed necessary by the authority to pay financing charges, interest on the obligations (for a period not exceeding the period of construction and a reasonable time thereafter or if the housing is completed, two (2) years from the date of issue of the obligations), consultant, advisory, and legal fees and such other expenses as are necessary or incident to such borrowing;

(12) to make and publish rules respecting its lending programs and such other rules as are necessary to effectuate the purposes of this chapter;

(13) to provide technical and advisory services to sponsors, builders, and developers of residential housing and to residents and potential residents, including housing selection and purchase procedures, family budgeting, property use and maintenance, household management, and utilization of community resources;

(14) to promote research and development in scientific methods of constructing low cost residential housing of high durability;

(15) to encourage community organizations to participate in residential housing development;

(16) to make, execute, and effectuate any and all agreements or other documents with any governmental agency or any person, corporation, association, partnership, limited liability company, or other organization or entity necessary or convenient to accomplish the purposes of this chapter;

(17) to accept gifts, devises, bequests, grants, loans,

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appropriations, revenue sharing, other financing and assistance and any other aid from any source whatsoever and to agree to, and to comply with, conditions attached thereto;

(18) to sue and be sued in its own name, plead and be impleaded;

(19) to maintain an office in the city of Indianapolis and at such other place or places as it may determine;

(20) to adopt an official seal and alter the same at pleasure;

(21) to adopt and from time to time amend and repeal bylaws for the regulation of its affairs and the conduct of its business and to prescribe rules and policies in connection with the performance of its functions and duties;

(22) to employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers, and such other consultants and employees as may be required in the judgment of the authority and to fix and pay their compensation from funds available to the authority therefor;

(23) notwithstanding IC 5-13, but subject to the requirements of any trust agreement entered into by the authority, to invest:

(A) the authority's money, funds, and accounts;

(B) any money, funds, and accounts in the authority's custody; and

(C) proceeds of bonds or notes;

in the manner provided by an investment policy established by resolution of the authority;

(24) to make or participate in the making of construction loans, mortgage loans, or both, to individuals, partnerships, limited liability companies, corporations, and organizations for the construction of residential facilities for the developmentally disabled or for the mentally ill or for the acquisition or renovation, or both, of a facility to make it suitable for use as a new residential facility for the developmentally disabled or for the mentally ill;

(25) to make or participate in the making of construction and mortgage loans to individuals, partnerships, corporations, limited liability companies, and organizations for the construction, rehabilitation, or acquisition of residential facilities for children;

(26) to purchase or participate in the purchase of mortgage loans from:

(A) public utilities (as defined in IC 8-1-2-1); or

(B) municipally owned gas utility systems organized under IC 8-1.5;

if those mortgage loans were made for the purpose of insulating

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and otherwise weatherizing single family residences in order to conserve energy used to heat and cool those residences;

(27) to provide financial assistance to mutual housing associations (IC 5-20-3) in the form of grants, loans, or a combination of grants and loans for the development of housing for low and moderate income families;

(28) to service mortgage loans made or acquired by the authority and to impose and collect reasonable fees and charges in connection with such servicing; ~~and~~

(29) subject to the authority's investment policy, to enter into swap agreements (as defined in IC 8-9.5-9-4) in accordance with IC 8-9.5-9-5 and IC 8-9.5-9-7;

(30) to promote and foster community revitalization through community services and real estate development;

(31) to coordinate and establish linkages between governmental and other social services programs to ensure the effective delivery of services to low income individuals;

(32) to cooperate with local housing officials and plan commissions in the development of projects that the officials or commissions have under consideration;

(33) to take actions necessary to implement its powers that the authority determines to be appropriate and necessary to ensure the availability of state or federal financial assistance; and

(34) to administer any program or money designated by the state or available from the federal government or other sources that is consistent with the authority's powers and duties.

The omission of a power from the list in this subsection does not imply that the authority lacks that power. The authority may exercise any power that is not listed in this subsection but is consistent with the powers listed in this subsection to the extent that the power is not expressly denied by the Constitution of the State of Indiana or by another statute.

(b) The authority shall structure and administer any program conducted under subsection (a)(3) or (a)(4) in order to assure that no mortgage loan shall knowingly be made to a person whose adjusted family income shall exceed one hundred twenty-five percent (125%) of the median income for the geographic area within which the person resides and at least forty percent (40%) of the mortgage loans so financed shall be for persons whose adjusted family income shall be below eighty percent (80%) of the median income for such area.

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(c) In addition to the powers set forth in subsection (a), the authority may, with the proceeds of bonds and notes sold to retirement plans covered by IC 5-10-1.7, structure and administer a program of purchasing or participating in the purchasing from mortgage lenders of mortgage loans made to qualified members of retirement plans and other individuals. The authority shall structure and administer any program conducted under this subsection to assure that:

(1) each mortgage loan is made as a first mortgage loan for real property:

(A) that is a single family dwelling, including a condominium or townhouse, located in Indiana;

(B) for a purchase price of not more than ninety-five thousand dollars (\$95,000);

(C) to be used as the purchaser's principal residence; and

(D) for which the purchaser has made a down payment in an amount determined by the authority;

(2) no mortgage loan exceeds seventy-five thousand dollars (\$75,000);

(3) any bonds or notes issued which are backed by mortgage loans purchased by the authority under this subsection shall be offered for sale to the retirement plans covered by IC 5-10-1.7; and

(4) qualified members of a retirement plan shall be given preference with respect to the mortgage loans that in the aggregate do not exceed the amount invested by their retirement plan in bonds and notes issued by the authority that are backed by mortgage loans purchased by the authority under this subsection.

(d) As used in this section, "a qualified member of a retirement plan" means an active or retired member:

(1) of a retirement plan covered by IC 5-10-1.7 that has invested in bonds and notes issued by the authority that are backed by mortgage loans purchased by the authority under subsection (c); and

(2) who for a minimum of two (2) years preceding the member's application for a mortgage loan has:

(A) been a full-time state employee, teacher, judge, police officer, or firefighter;

(B) been a full-time employee of a political subdivision participating in the public employees' retirement fund;

(C) been receiving retirement benefits from the retirement plan; or

(D) a combination of employment and receipt of retirement benefits equaling at least two (2) years.

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(e) ~~Beginning with the 1991 program year,~~ The authority, when directed by the governor, shall administer

(1) ~~the rental rehabilitation program established by the Housing Assistance Act of 1937 (42 U.S.C. 1437o); and~~

(2) ~~federal funds allocated to the rental rehabilitation program under the Housing Assistance Act of 1937 (42 U.S.C. 1437o);~~
programs and funds under 42 U.S.C. 1437 et seq.

(f) ~~The authority may contract with the division of family and children and the department of commerce so that the authority may administer the program and funds described under subsection (e) for program years before 1991.~~

(g) ~~(f) Beginning May 15, 2005,~~ The authority shall identify, promote, assist, and fund home ownership education programs conducted throughout Indiana by nonprofit counseling agencies certified by the authority using funds appropriated under section 27 of this chapter. The attorney general and the entities listed in IC 4-6-12-4(a)(1) through IC 4-6-12-4(a)(10) shall cooperate with the authority in implementing this subsection.

SECTION 19. IC 5-20-1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. ~~State Not Liable for Obligations of the Indiana Housing Finance Authority.~~ (a) Obligations issued under the provisions of this chapter do not constitute a debt, liability or obligation of the state of Indiana or a pledge of the faith and credit of the state of Indiana, but shall be payable solely from the revenues or assets of the authority. Under any circumstances, general fund revenues of the state of Indiana may not be used to pay all or part of the obligations of the authority, and there is no moral obligation of the state of Indiana to pay all or part of the obligations of the authority. Each obligation issued under this chapter shall contain on the face thereof a statement to the effect that the authority shall not be obligated to pay the same nor the interest thereon except from the revenues or assets pledged therefor and that neither the faith and credit nor the taxing power of the state of Indiana is pledged to the payment of the principal of or the interest on such obligation.

(b) Expenses incurred by the authority in carrying out the provisions of this chapter may be made payable from funds provided pursuant to this chapter, and no liability shall be incurred by the authority under this chapter beyond the extent to which moneys shall have been so provided.

SECTION 20. IC 5-20-1-27, AS ADDED BY P.L.235-2005, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 27. (a) The home ownership education account

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within the state general fund is established to support the home ownership education programs established under ~~section 4(g)~~ **section 4(f)** of this chapter. The account is administered by the authority.

(b) The home ownership education account consists of fees collected under IC 24-9-9.

(c) The expenses of administering the home ownership education account shall be paid from money in the fund.

(d) The treasurer of state shall invest the money in the home ownership education account not currently needed to meet the obligations of the account in the same manner as other public money may be invested.

SECTION 21. IC 5-20-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. As used in this chapter, each of the following shall have the meaning indicated unless a different meaning clearly appears from the context:

(1) "Bonds" means the revenue bonds authorized to be issued under this chapter and includes notes and any and all other limited obligations of a county or municipality payable as provided in this chapter.

(2) "Executive officer" of a county, city, or town has the meaning set forth in IC 36-1-2-5.

(3) "Governing body" of a county, city, or town has the meaning set forth in IC 36-1-2-9.

(4) "Home" means real property and improvements thereon constructed for human habitation, located within the county or municipality, consisting of not more than four (4) units, and owned by one (1) mortgagor who occupies or intends to occupy one (1) of such units.

(5) "Home mortgage" means an interest bearing loan for not to exceed thirty (30) years to a mortgagor for the purpose of purchasing or improving a home, evidenced by a promissory note and secured by a mortgage on this home, but shall not include a loan primarily for the purpose of refinancing an existing loan.

(6) "Lending institution" means any bank, trust company, savings bank, national banking association, savings association, mortgage banker, or other financing institution or governmental agency which customarily provides service or otherwise aids in the financing of mortgages on single family residential housing or multifamily residential housing, which institution, for a county, is located in that county, and for a municipality is located in the county in which the municipality is located, or any holding company for any of the foregoing.

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(7) "Mortgagor" means an individual, or two (2) or more individuals acting together, who have received a home mortgage under this chapter.

(8) "Recording officer" means the clerk or clerk-treasurer of a county or municipality.

(9) "Municipality" means a city or town.

(10) "Authority" refers to the Indiana housing and community development authority created by IC 5-20-1-3.

SECTION 22. IC 5-20-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 5. ~~Other Limitations.~~

(a) Bonds shall not be issued by a county, city, town or consolidated city for home mortgages under this chapter if at the time of issuance and delivery there remains unexpended or uncommitted more than five percent (5%) of the net proceeds of a prior bond issued by that county, city, town or consolidated city under this chapter.

(b) Bonds shall not be issued under this chapter for home mortgages in an amount in excess of twenty-five percent (25%) of the average annual amount of mortgage lending in the county or municipality in the most recent three (3) year period for which the governing body shall by ordinance determine from the Home Mortgage Disclosure Act, Public Law 94-200.

(c) No issue shall be approved by the ~~state housing finance~~ authority if the amount of the issue exceeds the total amount of bond issues permissible under this chapter in the calendar year during which the proposed bonds will be issued.

The total amount of bonds permissible under this chapter in any calendar year shall be fifty dollars (\$50) multiplied by the population of the state of Indiana as determined by the most recent federal decennial census.

(d) There is a five percent (5%) down payment requirement. An issue meets this requirement only if seventy-five percent (75%) or more of the owner-occupied financing provided by the issue is ninety-five percent (95%) financing. For purposes of this subsection, financing of a residence is ninety-five percent (95%) financing if such financing is ninety-five percent (95%) or more of the acquisition cost of such residence.

A larger down payment is permitted in the case of alternative mortgage instruments as provided by law.

(e) No mortgage shall be made under this chapter the amount of which exceeds two and one-half (2 1/2) times the amount of the annual income of the prospective ~~mortgager~~ **mortgagor**. In addition, no financing shall be provided under this chapter to a prospective

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mortgagor who is already a mortgagor with respect to an existing mortgage financed under this chapter.

(f) The effective rate of interest on mortgages provided from a particular bond issue under this chapter may not exceed the yield on the issue by more than one (1) percentage point. For purposes of this subsection, the effective rate of mortgage interest and the bond yield shall be determined in accordance with reasonable procedures adopted by the ~~state housing finance~~ authority. However, the ~~state housing finance~~ authority may waive the restriction in this subsection if it determines that:

- (1) waiver of the restriction with respect to a proposed issue is in the best interests of the citizens of the issuing jurisdiction and the state of Indiana; and
- (2) the proposed issue is not marketable without waiver of the restriction.

(g) An issue meets the requirements of this section only if a preliminary official statement of such issue has been submitted to the ~~state housing finance~~ authority, and:

- (1) such authority has, within thirty (30) days after the date of such submission, issued an opinion that such issue meets the requirements of sections 4 and 5 of this chapter; or
- (2) thirty (30) days have elapsed since such submission and during this thirty (30) day period the authority has not issued an opinion that the issue does not meet the requirements of sections 4 and 5 of this chapter.

SECTION 23. IC 5-20-3-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 4. (a) A mutual housing association may be established as a nonprofit corporation incorporated under IC 23-7-1.1 (before its repeal on August 1, 1991) or IC 23-17 to prevent and eliminate neighborhood deterioration and to preserve neighborhood stability by:

- (1) providing high quality, long term housing for families of low and moderate income; and
- (2) affording community and residential involvement in the provision of that housing.

(b) The articles of incorporation of a mutual housing association must meet the requirements of the Indiana housing ~~finance~~ and **community development** authority under IC 5-20-1-6 and must be approved by the authority.

(c) The articles of incorporation of a mutual housing association must include a provision that provides that if the mutual housing association dissolves, is involved in a bankruptcy proceeding, or

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otherwise disposes of its physical properties, the association may only transfer the assets to another entity that provides high quality long term housing for families of low and moderate income.

SECTION 24. IC 5-20-3-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 6. The Indiana housing **finance and community development** authority may enter into a contract with a mutual housing association to provide financial assistance for the construction, rehabilitation, ownership, or operation of housing for families of low and moderate income. State financial assistance may be in the form of grants, loans, or a combination of grants and loans and may be used for the acquisition or development of housing sites and for the costs incurred in the development of the housing. Grants may not exceed the development cost of the housing project.

SECTION 25. IC 5-20-3-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. A contract for state financial assistance with a mutual housing association under section 6 of this chapter must include (for each housing site) the following provisions:

- (1) Each housing site must be managed in an efficient manner to permit the fixing of the rentals at the lowest possible rates consistent with providing decent, safe, and sanitary dwelling accommodations.
- (2) A mutual housing association may not construct or operate a housing site for profit.
- (3) Rental rates may not be fixed a level higher than necessary to produce revenue that, together with other revenue, will be sufficient to pay, as it becomes due, the principal and interest on the loans made to the mutual housing authority, the maintenance and operating expenses of a housing project (including insurance and administrative costs), and an allowance for a reasonable return on equity capital contributed to a housing project through membership fees or nonstate grants. The rentals must be within the financial reach of families of low income. The return on equity capital must be used by the mutual housing association to develop additional dwelling units.
- (4) The mutual housing association, subject to the approval of the **Indiana housing finance and community development** authority, shall fix the maximum income limits for the admission and continued occupancy of families in the housing. The association shall define the income of a family to provide the basis for determining eligibility for the admission, rent, and

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continued occupancy of families under the maximum income limits. In defining family income, the authority may provide for the exclusion of any part of the income of family members that the authority believes generally available to meet the cost of basic living needs of the family.

(5) The mutual housing association may not refuse to rent a dwelling accommodation to an otherwise qualified applicant because one (1) or more of the proposed occupants are children born out of wedlock.

(6) The mutual housing association shall provide each applicant for admission to the housing project a receipt stating the time and date of application and shall maintain a list of the applications that must be available for public inspection. The Indiana housing **finance and community development** authority shall adopt rules governing the form and procedure for maintaining the list.

(7) The mutual housing association may require the payment of a membership fee as a condition of eligibility of occupancy for a dwelling unit. The fee must be refunded to a resident member, with nominal interest, when the member vacates the dwelling unit.

(8) The Indiana housing **finance and community development** authority shall require and must approve an operation management plan for each housing project from the mutual housing association. The plan must provide for an income adequate to pay debt service, administrative costs (including a state service charge), operating costs, and adequate reserves for repairs, maintenance, replacements, and vacancy and collection losses. In addition, the mutual housing association shall adopt a plan for the administration of a housing project that must be approved by the tenants and the **Indiana housing finance and community development** authority. The association shall provide copies of the plan to each adult tenant and to the Indiana housing **finance and community development** authority.

(9) The Indiana housing **finance and community development** authority may inspect any housing during the period of the loan or, in the case of a grant, during the period when a housing project is used to house families of low and moderate income.

(10) The mutual housing association shall semiannually submit a report to the **Indiana housing finance and community development** authority with information on operating costs, tenant information, rentals, and any other information that the Indiana housing **finance and community development** authority

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requires by rule.

(11) The mutual housing association may request permission of the Indiana housing ~~finance~~ **and community development** authority to allow the continued occupancy of dwelling units by tenants whose annual income exceeds maximum limits or the rental of vacant units to tenants whose income exceeds maximum limits if the vacancies would result in the inability to pay debt service, administrative costs (including state service charges), operating costs, and reserve for repairs, maintenance, replacements, and collection costs. The continued occupancy or rental must be for a period of one (1) year, subject to subsequent one (1) year renewals. The mutual housing association may, subject to the approval of the Indiana housing ~~finance~~ **and community development** authority, fix rent at a higher level for tenants described in this subdivision.

(12) The difference between the increased rent and the normal rent described in subdivision (11) must be used by the mutual housing association to develop additional dwelling units or credited against the rent owed by another low or moderate income resident member of the association.

(13) The cost of options on housing sites, engineering and architectural services, and preliminary construction expenses may, subject to the approval of the Indiana housing ~~finance~~ **and community development** authority, be included as part of the cost of a project to be financed by a loan or grant.

(14) The mutual housing association may provide for variable rents based on family income.

SECTION 26. IC 5-20-3-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 8. The Indiana housing ~~finance~~ **and community development** authority may assess a mutual housing association a service charge for each loan or grant provided to the association.

SECTION 27. IC 5-20-3-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 10. The Indiana housing ~~finance~~ **and community development** authority shall adopt rules under IC 4-22-2 to carry out this chapter.

SECTION 28. IC 5-20-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1. As used in this chapter, "advisory committee" refers to the ~~housing trust~~ **affordable housing and community development** fund advisory committee established by **section 15** of this chapter.

SECTION 29. IC 5-20-4-3 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 3. As used in this chapter, ~~"housing finance"~~ "authority" refers to the Indiana housing ~~finance and community development~~ authority established under IC 5-20-1.

SECTION 30. IC 5-20-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 4. As used in this chapter, **unless the context requires otherwise, "housing trust" fund** refers to the **affordable housing and community development** fund established by **section 7 of** this chapter.

SECTION 31. IC 5-20-4-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. (a) There is established the **affordable housing trust and community development** fund. The fund shall be administered by the ~~Indiana housing finance~~ authority under the direction of the ~~Indiana housing finance~~ authority's board.

(b) The fund consists of the following resources:

- (1) Appropriations from the general assembly.
- (2) Gifts, ~~and grants, to the fund:~~ **and donations of any tangible or intangible property from public or private sources.**
- (3) Investment income earned on the fund's assets.
- (4) Repayments of loans from the fund.
- (5) Funds borrowed from the board for depositories insurance fund (IC 5-13-12-7).

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) The money remaining in the fund at the end of a fiscal year does not revert to the state general fund.

(e) Interest earned on the fund may be used by the ~~Indiana housing finance~~ authority to pay expenses incurred in the administration of the fund.

SECTION 32. IC 5-20-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 8. (a) The money in the fund shall be used to provide financial assistance in the form of:

- (1) grants;
- (2) rent supplements;
- (3) loans; and
- (4) loan guarantees.

In addition, money from the fund may be used to provide technical assistance to nonprofit developers of low income housing.

(b) The financial assistance described in subsection (a) shall be used for:

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(1) the ~~development, rehabilitation, or financing of affordable housing for acquisition, construction, rehabilitation, development, operation, and insurance of, and education concerning, affordable housing and community economic development; or~~

(2) other programs considered appropriate to meet the affordable housing and community development needs of lower income families and very low income families, including lower income elderly, persons with disabilities, and homeless individuals.

(c) At least fifty percent (50%) of the dollars allocated ~~for production, rehabilitation, or purchase of housing~~ must be used ~~for units to be occupied by to serve~~ very low income households.

SECTION 33. IC 5-20-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 9. The board for depositories shall determine the terms of the loan from the board for depositories insurance fund under section 8 of this chapter that must include the following:

(1) That the duration of the loan may not exceed twenty (20) years from the date of the execution of the agreement between the ~~Indiana housing finance~~ authority and the public deposit insurance fund operated by the board for depositories.

(2) The repayment schedule of the loan that:

(A) shall not require repayment of any principal; and

(B) must allow any principal to be repaid by the ~~housing trust~~ fund at any time;

before the end of the term for the loan.

(3) That no interest may be charged.

(4) The amount of the loan, which may not exceed five million dollars (\$5,000,000).

SECTION 34. IC 5-20-4-10.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 10.1. The ~~Indiana housing finance~~ authority and the board for depositories shall establish procedures to insure repayment of the loan principal at the end of the loan term. The procedures may include purchase of a zero coupon bond to insure the loan principal, a requirement that a percentage of the loans issued by the ~~Indiana housing finance~~ authority be made through a linked deposit program in certificates of deposit, or other procedures that the ~~Indiana housing finance~~ authority and the board for depositories may determine appropriate.

SECTION 35. IC 5-20-4-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 11. (a) At least fifty

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percent (50%) of the resources of the fund shall be allocated to recognized nonprofit corporations under Section 501(c) of the Internal Revenue Code.

(b) The resources of the fund that are not allocated under subsection (a) may be allocated to private developers of housing and private development entities as determined by the ~~Indiana housing finance~~ authority.

SECTION 36. IC 5-20-4-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 12. Rental housing that is developed with money from the ~~housing trust~~ fund shall be made available for occupancy to low income families or very low income families for at least fifteen (15) years. In the event of foreclosure or equivalent action, the remaining affordability period may be waived by the ~~Indiana housing finance~~ authority.

SECTION 37. IC 5-20-4-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 13. A developer of ~~housing~~ that uses funds from the ~~housing trust~~ fund shall certify to the ~~Indiana housing finance~~ authority that the developer will comply with the following:

- (1) The federal Civil Rights Act of 1968 (P.L. 90-284).
- (2) The federal Fair Housing Amendments of 1988 (P.L. 100-430).
- (3) The Indiana Civil Rights Law (IC 22-9-1).

SECTION 38. IC 5-20-4-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 14. The ~~Indiana housing finance~~ authority shall establish written policies and procedures to implement this chapter. These policies and procedures shall include the following:

- (1) The development of an application process for requesting financial assistance under this chapter.
- (2) The establishment of a procedure for disbursing financial assistance under this chapter.
- (3) The establishment of a rate of interest for a loan under this chapter.
- (4) The establishment of loan underwriting criteria to protect the assets of the fund. The ~~Indiana housing finance~~ authority shall require a lien or other security when appropriate and in the amounts the authority determines appropriate.
- (5) A requirement that a financial institution holding an obligation that is guaranteed under this chapter must adequately secure the obligation.
- (6) Standards requiring a local match for any assistance under this

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chapter and establishing the level of local match required.

(7) The establishment of a cap on the amount of financial assistance that any recipient may receive.

(8) The establishment of procedures to do the following:

(A) Ensure that an equitable part of all funds are distributed to rural areas of Indiana.

(B) Enable the authority to use the fund to provide matching funds to local housing trust funds in Indiana.

(C) Promote community economic development.

SECTION 39. IC 5-20-4-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 15. (a) The ~~housing trust~~ **affordable housing and community development** fund advisory committee is established.

(b) The **advisory** committee consists of sixteen (16) members to be appointed by the governor as follows:

(1) One (1) member of the ~~division of mental health and addiction;~~ **office of the secretary of family and social services.**

(2) One (1) member of the ~~division of family and children;~~ **Indiana economic development corporation.**

(3) One (1) member of the ~~division of disability, aging, and rehabilitative services;~~ **to represent home builders.**

(4) One (1) member of the ~~department of commerce;~~ **office of rural affairs established by IC 4-4-9.7-4.**

(5) One (1) member to represent residential real estate developers.

(6) One (1) member to represent construction trades.

(7) One (1) member to represent ~~banks and other lending institutions;~~ **mortgage lenders.**

(8) One (1) member to represent the interests of persons with disabilities.

(9) One (1) member to represent service providers.

(10) Two (2) members to represent neighborhood groups.

(11) One (1) member to represent low income families.

(12) One (1) member to represent nonprofit community based organizations and community development corporations.

(13) One (1) member to represent real estate brokers or salespersons.

(14) One (1) member to represent the Indiana Apartment Owner's Association.

(15) One (1) member to represent the manufactured housing industry.

At least three (3) members of the **advisory** committee shall be from a city with a population of less than thirty-five thousand (35,000), a

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town, or a rural area.

(c) Members of the advisory committee shall serve a term of three (3) years. However, the governor may remove for cause an appointed member of the advisory committee and fill vacancies of appointed members on the advisory committee.

(d) The advisory committee shall make recommendations to the ~~housing finance~~ authority regarding:

- (1) the development of policies and procedures under section 14 of this chapter; and
- (2) long term sources to capitalize the ~~housing trust~~ fund, including the following:
 - (A) Revenue from development ordinances, fees, or taxes.
 - (B) Market based or private revenue.
 - (C) Revenue generated from government programs, foundations, private individuals, or corporations.

(e) The advisory committee shall prepare and present an annual report that:

- (1) describes disbursements under the ~~housing trust~~ fund; and
- (2) makes recommendations to the board of the ~~Indiana housing finance~~ authority regarding long term sources to capitalize the ~~housing trust~~ fund.

SECTION 40. IC 5-20-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. As used in this chapter, "authority" means the Indiana housing ~~finance~~ and **community development** authority **created by IC 5-20-1-3**.

SECTION 41. IC 5-20-5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 8. The ~~purpose of the fund is to~~ **authority may** provide grants and loans to eligible entities for programs that do any of the following:

- (1) Provide financial assistance to lower income families for the purchase of affordable housing in the form of grants, loans, and loan guarantees.
- (2) Provide rent and rent supplements to lower income families.
- (3) Provide loans or grants for the acquisition, construction, rehabilitation, development, operation, and insurance of affordable housing for lower income families.

SECTION 42. IC 6-1.1-10-16.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 16.7. All or part of real property is exempt from property taxation if:

- (1) the improvements on the real property were constructed, rehabilitated, or acquired for the purpose of providing housing to income eligible persons under the federal low income housing tax

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credit program under 26 U.S.C. 42;

(2) the real property is subject to an extended use agreement under 26 U.S.C. 42 as administered by the Indiana housing **finance and community development** authority; and

(3) the owner of the property has entered into an agreement to make payments in lieu of taxes under IC 36-1-8-14.2, IC 36-2-6-22, or IC 36-3-2-11.

SECTION 43. IC 6-2.5-6-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 11. A retail merchant who extends assistance **to a heating assistance program administered** under ~~IC 12-14-11~~ **IC 4-4-33** may deduct from ~~his~~ **the retail merchant's** state gross retail and use tax payment an amount equal to all or part of the aggregate assistance extended by the retail merchant **to a heating assistance program administered** under ~~IC 12-14-11~~ **IC 4-4-33** during the reporting period for which the state gross retail and use tax payment is made.

SECTION 44. IC 6-3.1-9-1, AS AMENDED BY P.L.235-2005, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1. (a) **As used in this chapter, "authority" means the Indiana housing and community development authority established by IC 5-20-1-3.**

(b) As used in this chapter, "business firm" means any business entity authorized to do business in the state of Indiana that has state tax liability.

(c) **As used in this chapter, "community services" means any type of:**

- (1) counseling and advice;
- (2) emergency assistance;
- (3) medical care;
- (4) recreational facilities;
- (5) housing facilities; or
- (6) economic development assistance;

provided to individuals, economically disadvantaged households, groups, or neighborhood organizations in an economically disadvantaged area.

(d) **As used in this chapter, "crime prevention" means any activity which aids in the reduction of crime in an economically disadvantaged area or an economically disadvantaged household.**

(e) **As used in this chapter, "economically disadvantaged area" means an enterprise zone, or any area in Indiana that is certified as an other federally or locally designated economically disadvantaged area by the Indiana housing finance authority after consultation with**

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~~the community services agency. in Indiana.~~ The certification shall be made on the basis of current indices of social and economic conditions, which shall include but not be limited to the median per capita income of the area in relation to the median per capita income of the state or standard metropolitan statistical area in which the area is located.

(f) As used in this chapter, "economically disadvantaged household" means a household with an annual income that is at or below eighty percent (80%) of the area median income or any other federally designated target population.

(g) As used in this chapter, "education" means any type of scholastic instruction or scholarship assistance to an individual who resides in an economically disadvantaged area that enables the individual to prepare for better life opportunities.

(h) As used in this chapter, "enterprise zone" means an enterprise zone created under IC 5-28-15.

(i) As used in this chapter, "job training" means any type of instruction to an individual who resides in:

- (1) an economically disadvantaged area; or**
- (2) an economically disadvantaged household;**

that enables the individual to acquire vocational skills so that the individual can become employable or be able to seek a higher grade of employment.

(j) As used in this chapter, "neighborhood assistance" means either:

- (1) furnishing financial assistance, labor, material, and technical advice to aid in the physical or economic improvement of any part or all of an economically disadvantaged area; or**
- (2) furnishing technical advice to promote higher employment in any neighborhood in Indiana.**

(k) As used in this chapter, "neighborhood organization" means any organization, including but not limited to a nonprofit development corporation **doing both of the following:**

- (1) Performing community services:**
 - (A) in an economically disadvantaged area; and or**
 - (B) for an economically disadvantaged household.**
- (2) Holding a ruling:**
 - (A) from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of the Internal Revenue Code; and**
 - (B) from the department of state revenue that the organization is exempt from income taxation under IC 6-2.5-5-21.**

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(l) As used in this chapter, "person" means any individual subject to Indiana gross or adjusted gross income tax.

(m) As used in this chapter, "state fiscal year" means a twelve (12) month period beginning on July 1 and ending on June 30.

(n) As used in this chapter, "state tax liability" means the taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax); and
- (2) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

(o) As used in this chapter, "tax credit" means a deduction from any tax otherwise due and payable under IC 6-3 or IC 6-5.5.

SECTION 45. IC 6-3.1-9-2, AS AMENDED BY P.L.235-2005, SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. (a) A business firm or a person who contributes to a neighborhood organization ~~or who~~ **that** engages in the activities of providing neighborhood assistance, job training or education for individuals not employed by the business firm or person, or for community services or crime prevention in an economically disadvantaged area shall receive a tax credit as provided in section 3 of this chapter if the ~~Indiana housing finance~~ authority approves the proposal of the business firm or person, setting forth the program to be conducted, the area selected, the estimated amount to be invested in the program, and the plans for implementing the program.

(b) The ~~Indiana housing finance~~ authority, after consultation with the community services agency and the commissioner of revenue, may adopt rules for the approval or disapproval of these proposals.

SECTION 46. IC 6-3.1-9-4, AS AMENDED BY P.L.235-2005, SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 4. (a) Any business firm or person which desires to claim a tax credit as provided in this chapter shall file with the department, in the form that the department may prescribe, an application stating the amount of the contribution or investment which it proposes to make which would qualify for a tax credit, and the amount sought to be claimed as a credit. The application shall include a certificate evidencing approval of the contribution or program by the ~~Indiana housing finance~~ authority.

(b) The ~~Indiana housing finance~~ authority shall give priority in issuing certificates to applicants whose contributions or programs directly benefit enterprise zones.

(c) The department shall promptly notify an applicant whether, or

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the extent to which, the tax credit is allowable in the state fiscal year in which the application is filed, as provided in section 5 of this chapter. If the credit is allowable in that state fiscal year, the applicant shall within thirty (30) days after receipt of the notice file with the department of state revenue a statement, in the form and accompanied by the proof of payment as the department may prescribe, setting forth that the amount to be claimed as a credit under this chapter has been paid to an organization for an approved program or purpose, or permanently set aside in a special account to be used solely for an approved program or purpose.

(d) The department may disallow any credit claimed under this chapter for which the statement or proof of payment is not filed within the thirty (30) day period.

SECTION 47. IC 8-1-2-105 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 105. (a) No public utility may make or give any undue or unreasonable preference or advantage to any person, or subject any person to any undue or unreasonable prejudice or disadvantage in any respect. A person who violates this section commits a Class B infraction.

(b) Nothing in this chapter shall prevent any public utility from furnishing service free or at reduced rates to any of its employees and officers or retired employees and officers or from providing energy assistance **to a heating assistance program administered** under ~~IC 12-14-11~~ **IC 4-4-33** to persons eligible for that assistance.

SECTION 48. IC 8-1-2-121 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 121. (a) Notwithstanding any other provision of law, from December 1 through March 15 of any year, no electric or gas utility, including a municipally owned, privately owned, or cooperatively owned utility, shall terminate residential electric or gas service for persons who are eligible for and have applied for assistance **from a heating assistance program administered** under ~~IC 12-14-11~~ **IC 4-4-33**. The commission shall implement procedures to ensure that electric or gas utility service is continued while eligibility for such persons is being determined.

(b) Any electric or gas utility, including a municipally owned, privately owned, or cooperatively owned utility, shall provide any residential customer whose account is delinquent an opportunity to enter into a reasonable amortization agreement with such company to pay the delinquent account. Such an amortization agreement must provide the customer with adequate opportunity to apply for and receive the benefits of any available public assistance program. An amortization agreement is subject to amendment on the customer's

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request if there is a change in the customer's financial circumstances.

(c) The commission may establish a reasonable rate of interest which a utility may charge on the unpaid balance of a customer's delinquent bill that may not exceed the rate established by the commission under section 34.5 of this chapter.

(d) The commission shall adopt rules under IC 4-22-2 to carry out the provisions of this section.

(e) This section does not prohibit an electric or gas utility from terminating residential utility service upon a request of a customer or under the following circumstances:

- (1) If a condition dangerous or hazardous to life, physical safety, or property exists.
- (2) Upon order by any court, the commission, or other duly authorized public authority.
- (3) If fraudulent or unauthorized use of electricity or gas is detected and the utility has reasonable grounds to believe the affected customer is responsible for such use.
- (4) If the utility's regulating or measuring equipment has been tampered with and the utility has reasonable grounds to believe that the affected customer is responsible for such tampering.

SECTION 49. IC 8-9.5-9-2, AS AMENDED BY P.L.214-2005, SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. As used in this chapter, "authority" means:

- (1) an authority or agency established under IC 8-1-2.2 or IC 8-9.5 through IC 8-23;
- (2) when acting under an affected statute (as defined in IC 4-4-10.9-1.2), the Indiana finance authority established by IC 4-4-11;
- (3) only in connection with a program established under IC 13-18-13 or IC 13-18-21, the bank established under IC 5-1.5;
- (4) a fund or program established under IC 13-18-13 or IC 13-18-21;
- (5) the Indiana health and educational facility financing authority established by IC 5-1-16;
- (6) the Indiana housing ~~finance~~ **and community development** authority established by IC 5-20-1;
- (7) the authority established under IC 4-4-11; or
- (8) the authority established under IC 5-1-17.

SECTION 50. IC 12-7-2-34 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 34. "Commission" means the following:

- (1) For purposes of IC 12-10-2, the meaning set forth in

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IC 12-10-2-1.

(2) For purposes of IC 12-11-7, the meaning set forth in IC 12-11-7-1.

(3) For purposes of IC 12-12-2, the meaning set forth in IC 12-12-2-1.

(4) For purposes of IC 12-13-14, the meaning set forth in IC 12-13-14-1.

~~(5) For purposes of IC 12-14-12, the meaning set forth in IC 12-14-12-1.~~

~~(6)~~ (5) For purposes of IC 12-28-1, the meaning set forth in IC 12-28-1-3.

SECTION 51. IC 12-8-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1. This chapter applies only to the indicated money of the following state agencies to the extent that the money is used by the agency to obtain services from grantee agencies to carry out the program functions of the agency:

(1) Money appropriated or allocated to a state agency from money received by the state under the Social Services Block Grant Act (42 U.S.C. 1397 et seq.).

(2) The division of disability, aging, and rehabilitative services, except this chapter does not apply to money expended under the following:

(A) The following statutes, unless application of this chapter is required by another subdivision of this section:

(i) IC 12-10-6.

(ii) IC 12-10-12.

(B) Epilepsy services.

(3) The division of family and children, for money expended under the following **programs**:

~~(A) The following statutes:~~

~~(i) IC 12-14-10.~~

~~(ii) IC 12-14-11.~~

~~(iii) IC 12-14-12.~~

~~(B) The following programs:~~

~~(i)~~ (A) The child development associate scholarship program.

~~(ii)~~ (B) The dependent care program.

~~(iii)~~ (C) Migrant day care.

~~(iv)~~ (D) The youth services bureau.

~~(v)~~ (E) The project safe program.

~~(vi)~~ (F) The commodities program.

~~(vii)~~ (G) The migrant nutrition program.

~~(viii)~~ (H) Any emergency shelter program.

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- ~~(ix)~~ **(I)** The energy weatherization program.
- ~~(x)~~ **(J)** Programs for individuals with developmental disabilities.
- (4) The state department of health, for money expended under the following statutes:
 - (A) IC 16-19-10.
 - (B) IC 16-38-3.
- (5) The group.
- (6) All state agencies, for any other money expended for the purchase of services if all the following apply:
 - (A) The purchases are made under a contract between the state agency and the office of the secretary.
 - (B) The contract includes a requirement that the office of the secretary perform the duties and exercise the powers described in this chapter.
 - (C) The contract is approved by the budget agency.
- (7) The division of mental health and addiction.

SECTION 52. IC 12-8-10-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 9. (a) Each grantee agency receiving money under a contract covered by this chapter shall maintain sufficient records to show the following:

- (1) The actual cost of services provided under the contract.
 - (2) The nature and amount of services provided under the contract.
- (b) At least every two (2) years the group shall, in the manner prescribed by the state board of accounts, conduct audits of all grantee agencies that, under a contract under this chapter, receive payment from any of the money described in section 1(2) or ~~1(3)(B)~~ **1(3)(J)** of this chapter. These audits must include an investigation of the records of the grantee agencies to determine whether the services rendered under the contracts have been in compliance with the terms of the contracts.
- (c) This section does not prohibit the state board of accounts from auditing grantee agencies under the board's own authority. The office of the secretary may do either of the following:
- (1) Contract with the state board of accounts to conduct audits of grantee agencies.
 - (2) Require grantee agencies to obtain independent audits of their agencies.
- (d) A contract between a state agency and the office of the secretary under section (1)(6) of this chapter may include a provision requiring the group to perform or arrange for the audits described by this section.

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SECTION 53. IC 12-13-5-2, AS AMENDED BY P.L.234-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. The division shall administer the following:

- (1) Any sexual offense services.
- (2) A child development associate scholarship program.
- (3) Any school age dependent care program.
- (4) Migrant day care services.
- (5) Prevention services to high risk youth.
- ~~(6) Any commodities program.~~
- ~~(7)~~ (6) The migrant nutrition program.
- ~~(8) Any emergency shelter programs.~~
- ~~(9) Any weatherization programs.~~
- ~~(10) The Housing Assistance Act of 1937 (42 U.S.C. 1437).~~
- ~~(11)~~ (7) The home visitation and social services program.
- ~~(12)~~ (8) The educational consultants program.
- ~~(13)~~ (9) Community restitution or service programs.
- ~~(14)~~ (10) The crisis nursery program.
- ~~(15) Energy assistance programs.~~
- ~~(16)~~ (11) Domestic violence programs.
- ~~(17)~~ (12) Social services programs.
- ~~(18) Assistance to migrants and seasonal farmworkers.~~
- ~~(19)~~ (13) The step ahead comprehensive early childhood grant program.
- ~~(20)~~ (14) Any other program:
 - (A) designated by the general assembly; or
 - (B) administered by the federal government under grants consistent with the duties of the division.

SECTION 54. IC 12-13-7-1, AS AMENDED BY P.L.234-2005, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1. The division shall administer the following:

- ~~(1) The Community Services Block Grant under 42 U.S.C. 9901 et seq.~~
- ~~(2) The Low Income Home Energy Assistance Block Grant under 42 U.S.C. 8621 et seq.~~
- ~~(3) The United States Department of Energy money under 42 U.S.C. 6851 et seq.~~
- ~~(4)~~ (1) The domestic violence prevention and treatment fund under IC 12-18-4.
- ~~(5)~~ (2) The Child Care and Development Block Grant under 42 U.S.C. 9858 et seq.
- ~~(6)~~ (3) The federal Food Stamp Program under 7 U.S.C. 2011 et seq.

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~~(7)~~ (4) Title IV-A of the federal Social Security Act.

~~(8)~~ (5) Any other funding source:

(A) designated by the general assembly; or

(B) available from the federal government under grants that are consistent with the duties of the division.

SECTION 55. IC 12-20-16-3, AS AMENDED BY P.L.73-2005, SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 3. (a) The township trustee may, in cases of necessity, authorize the payment from township assistance money for essential utility services, including the following:

(1) Water services.

(2) Gas services.

(3) Electric services.

(4) Fuel oil services for fuel oil used for heating or cooking.

(5) Coal, wood, or liquid propane used for heating or cooking.

(b) The township trustee may authorize the payment of delinquent bills for the services listed in subsection (a)(1) through (a)(5) when necessary to prevent the termination of the services or to restore terminated service if the delinquency has lasted not longer than twenty-four (24) months. The township trustee has no obligation to pay a delinquent bill for the services or materials listed in subsection (a)(1) through (a)(5) if the delinquency has lasted longer than twenty-four (24) months.

(c) The township trustee is not required to pay for any utility service:

(1) that is not properly charged to:

(A) an adult member of a household;

(B) an emancipated minor who is head of the household; or

(C) a landlord or former member of the household if the applicant proves that the applicant:

(i) received the services as a tenant residing at the service address at the time the cost was incurred; and

(ii) is responsible for payment of the bill;

(2) received as a result of a fraudulent act by any adult member of a household requesting township assistance; or

(3) that includes the use of township assistance funds for the payment of:

(A) a security deposit; or

(B) damages caused by a township assistance applicant to utility company property.

(d) The amount paid by the township trustee, as administrator of township assistance, and the amount charged for water services may

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not exceed the minimum rate charged for the service as fixed by the Indiana utility regulatory commission.

(e) This subsection applies only during the part of each year when applications for **heating** assistance are accepted by the ~~division under IC 12-14-11~~ **lieutenant governor under IC 4-4-33**. A township trustee may not provide assistance to make any part of a payment for heating fuel or electric services for more than thirty (30) days unless the individual files an application with the township trustee that includes the following:

- (1) Evidence of application for assistance for heating fuel or electric services from the ~~division under IC 12-14-11~~ **lieutenant governor**.
- (2) The amount of assistance received or the reason for denial of assistance.

The township trustee shall inform an applicant for assistance for heating fuel or electric services that assistance for heating fuel and electric services may be available from the ~~division under IC 12-14-11~~ **lieutenant governor under IC 4-4-33** and that the township trustee may not provide assistance to make any part of a payment for those services for more than thirty (30) days unless the individual files an application for assistance for heating fuel or electric services under ~~IC 12-14-11~~ **IC 4-4-33**. However, if the applicant household is eligible under criteria established by the ~~division of disability, aging, and rehabilitative services~~ **lieutenant governor** for energy assistance under ~~IC 12-14-11~~ **IC 4-4-33**, the trustee may certify the applicant as eligible for that assistance by completing an application form prescribed by the state board of accounts and forwarding the eligibility certificate to the ~~division of disability, aging, and rehabilitative services~~ **lieutenant governor** within the period established for the acceptance of applications. If the trustee follows this certification procedure, no other application is required for assistance under ~~IC 12-14-11~~ **IC 4-4-33**.

(f) If an individual or a member of an individual's household has received assistance under subsection (b), the individual must, before the individual or the member of the individual's household may receive further assistance under subsection (b), certify whether the individual's or household's income, resources, or household size has changed since the individual filed the most recent application for township assistance. If the individual or a member of the individual's household certifies that the income, resources, or household size has changed, the township trustee shall review the individual's or household's eligibility and may make any necessary adjustments in the level of assistance provided to the individual or to a member of the individual's household.

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SECTION 56. IC 23-2-5-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 19. (a) The following persons are exempt from the requirements of sections 4, 5, 6, 9, 17, 18, and 21 of this chapter:

- (1) Any attorney while engaging in the practice of law.
- (2) Any certified public accountant, public accountant, or accountant practitioner holding a certificate or registered under IC 25-2.1 while performing the practice of accountancy (as defined by IC 25-2.1-1-10).
- (3) Any person licensed as a real estate broker or salesperson under IC 25-34.1 to the extent that the person is rendering loan related services in the ordinary course of a transaction in which a license as a real estate broker or salesperson is required.
- (4) Any broker-dealer, agent, or investment advisor registered under IC 23-2-1.
- (5) Any person that:
 - (A) procures;
 - (B) promises to procure; or
 - (C) assists in procuring;
 a loan that is not subject to the Truth in Lending Act (15 U.S.C. 1601 through 1667e).
- (6) Any community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds from the Indiana housing ~~finance~~ **and community development** authority established by IC 5-20-1-3.
- (7) The Indiana housing ~~finance~~ **and community development** authority.
- (8) Any person authorized to:
 - (A) sell and service a loan for the Federal National Mortgage Association or the Federal Home Loan Mortgage Association;
 - (B) issue securities backed by the Government National Mortgage Association;
 - (C) make loans insured by the United States Department of Housing and Urban Development or the United States Department of Agriculture Rural Housing Service;
 - (D) act as a supervised lender or nonsupervised automatic lender of the United States Department of Veterans Affairs; or
 - (E) act as a correspondent of loans insured by the United States Department of Housing and Urban Development.
- (9) Any person who is a creditor, or proposed to be a creditor, for any loan.
- (b) As used in this chapter, "bona fide third party fee" includes fees

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for the following:

(1) Credit reports, investigations, and appraisals performed by a person who holds a license or certificate as a real estate appraiser under IC 25-34.1-8.

(2) If the loan is to be secured by real property, title examinations, an abstract of title, title insurance, a property survey, and similar purposes.

(3) The services provided by a loan broker in procuring possible business for a lending institution if the fees are paid by the lending institution.

(c) As used in this section, "successful procurement of a loan" means that a binding commitment from a creditor to advance money has been received and accepted by the borrower.

(d) The burden of proof of any exemption or classification provided in this chapter is on the party claiming the exemption or classification.

SECTION 57. IC 24-4.5-1-202 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 202. This article does not apply to the following:

(1) Extensions of credit to government or governmental agencies or instrumentalities.

(2) The sale of insurance by an insurer, except as otherwise provided in the chapter on insurance (IC 24-4.5-4).

(3) Transactions under public utility, municipal utility, or common carrier tariffs if a subdivision or agency of this state or of the United States regulates the charges for the services involved, the charges for delayed payment, and any discount allowed for early payment.

(4) The rates and charges and the disclosure of rates and charges of a licensed pawnbroker established in accordance with a statute or ordinance concerning these matters.

(5) A sale of goods, services, or an interest in land in which the goods, services, or interest in land are purchased primarily for a purpose other than a personal, family, or household purpose.

(6) A loan in which the debt is incurred primarily for a purpose other than a personal, family, or household purpose.

(7) An extension of credit primarily for a business, a commercial, or an agricultural purpose.

(8) An installment agreement for the purchase of home fuels in which a finance charge is not imposed.

(9) Loans made, insured, or guaranteed under a program authorized by Title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

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(10) Transactions in securities or commodities accounts in which credit is extended by a broker-dealer registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission.

(11) A loan made:

(A) in compliance with the requirements of; and

(B) by a community development corporation (as defined in IC 4-4-28-2) acting as a subrecipient of funds from;

the Indiana housing ~~finance~~ **and community development** authority established by IC 5-20-1-3.

SECTION 58. IC 24-9-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1. Except for IC 24-9-3-7(3), this article does not apply to:

(1) a loan made or acquired by a person organized or chartered under the laws of this state, any other state, or the United States relating to banks, trust companies, savings associations, savings banks, credit unions, or industrial loan and investment companies; or

(2) a loan:

(A) that can be purchased by the Federal National Mortgage Association, the Federal Home Loan Mortgage Association, or the Federal Home Loan Bank;

(B) to be insured by the United States Department of Housing and Urban Development;

(C) to be guaranteed by the United States Department of Veterans Affairs;

(D) to be made or guaranteed by the United States Department of Agriculture Rural Housing Service;

(E) to be funded by the Indiana housing ~~finance~~ **and community development** authority; or

(F) with a principal amount that exceeds the conforming loan size limit for a single family dwelling as established by the Federal National Mortgage Association.

SECTION 59. IC 24-9-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. Political subdivisions may not:

(1) enact, issue, or enforce ordinances, resolutions, regulations, orders, requests for proposals, or requests for bids pertaining to financial or lending activities, including ordinances, resolutions, and rules that disqualify persons from doing business with a municipality and that are based upon lending terms or practices; or

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(2) impose reporting requirements or any other obligations upon persons regarding financial services or lending practices or upon subsidiaries or affiliates that:

- (A) are subject to the jurisdiction of the department of financial institutions;
- (B) are subject to the jurisdiction or regulatory supervision of the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit Union Administration, the Federal Deposit Insurance Corporation, the Federal Trade Commission, or the United States Department of Housing and Urban Development;
- (C) are chartered by the United States Congress to engage in secondary market mortgage transactions;
- (D) are created by the Indiana housing ~~finance~~ **and community development** authority; or
- (E) originate, purchase, sell, assign, securitize, or service property interests or obligations created by financial transactions or loans made, executed, originated, or purchased by persons referred to in clauses (A), (B), (C), or (D).

SECTION 60. IC 34-30-2-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 15. IC 5-20-1-19 (Concerning members and officers of the Indiana housing ~~finance~~ **and community development** authority).

SECTION 61. IC 36-1-8-14.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 14.2. (a) As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:

- (1) Assessed value.
- (2) Exemption.
- (3) Owner.
- (4) Person.
- (5) Property taxation.
- (6) Real property.
- (7) Township assessor.

(b) As used in this section, "PILOTS" means payments in lieu of taxes.

(c) As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.7.

(d) Subject to the approval of a property owner, the governing body of a political subdivision may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under

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IC 6-1.1-10-16.7, if the improvements that qualify the real property for an exemption were begun or acquired after December 31, 2001. The ordinance remains in full force and effect until repealed or modified by the governing body, subject to the approval of the property owner.

(e) The PILOTS must be calculated so that the PILOTS are in an amount equal to the amount of property taxes that would have been levied by the governing body for the political subdivision upon the real property described in subsection (d) if the property were not subject to an exemption from property taxation.

(f) PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the real property described in subsection (d). The township assessors shall assess the real property described in subsection (d) as though the property were not subject to an exemption.

(g) PILOTS collected under this section shall be deposited in the **unit's** affordable housing fund established under IC 5-20-5-15.5 and used for any purpose for which the affordable housing fund may be used.

(h) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.

(i) This section does not apply to a county that contains a consolidated city or to a political subdivision of the county.

SECTION 62. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2006]: IC 5-20-5-5; IC 5-20-5-7; IC 5-20-5-9; IC 5-20-5-10; IC 5-20-5-11; IC 5-20-5-12; IC 5-20-5-13; IC 5-20-5-14; IC 5-20-5-15; IC 5-20-5-19; IC 12-7-2-75; IC 12-7-2-106; IC 12-7-2-107; IC 12-14-10; IC 12-14-11; IC 12-14-12.

SECTION 63. [EFFECTIVE JULY 1, 2006] **(a) A member serving on the housing trust fund advisory committee on July 1, 2006, may remain a member of the committee until the expiration of the member's term notwithstanding a change in the qualifications for the member's position under IC 5-20-4-15, as amended by this act.**

(b) This SECTION expires July 1, 2009.

SECTION 64. [EFFECTIVE JULY 1, 2006] **(a) Notwithstanding the repeal of IC 5-20-5-7 by this act, the Indiana affordable housing fund established by IC 5-20-5-7 shall remain in existence after June 30, 2006, if any money remains in the fund on June 30, 2006.**

(b) Money remaining in the Indiana affordable housing fund on June 30, 2006, must be transferred to the affordable housing and community development fund established by IC 5-20-4-7, as

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amended by this act, before August 1, 2006.

(c) If money in the Indiana affordable housing fund is transferred under subsection (b), the fund is abolished after the transfer under subsection (b) is completed.

(d) This SECTION expires August 1, 2006.

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Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____

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